decile

THE ADVANCED PERSONAS PLAYBOOK

FOR ECOMMERCE BRANDS

INTRODUCTION

An advanced persona strategy helps you understand which customers are discount sensitive, which products they are likely to purchase, the right cadence of outreach that is optimal for each group, and much more. Understanding these nuances can have a major impact on the success of your marketing efforts. In fact, according to a McKinsey report, companies that used personalized marketing actions or tactics saw 40% more revenue as a result.

Ready to start executing a more advanced persona strategy? Let's get started!

PERSONALIZATION STRATEGY

There are many different levels of personalization. Basic personalization includes things like addressing your customers by their name in your outreach, or mentioning products that they've purchased in the past. These are nice additions to your marketing outreach, but don't necessarily drive someone to make a next purchase.

To dive deeper, we can look at what products, offers, and discounts you're extending through email, social, and SMS touchpoints. The core of how you personalize these touchpoints is your segmentation strategy.

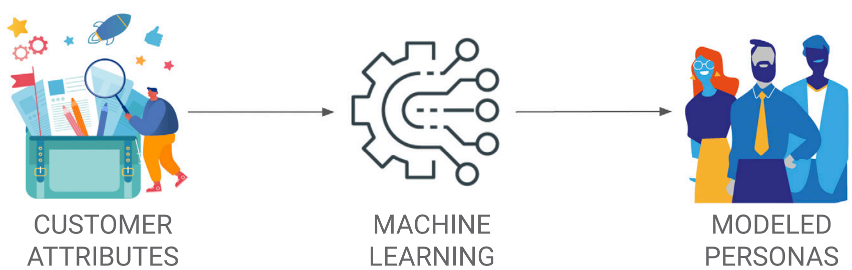
How do you choose the right number of segments, or personas? You'll want to strike a balance that is manageable for your marketing team. While 20 personas may be overwhelming, 2 may be too few to be effective. Between 3-6 is typically the sweet spot to allow for the buildout of marketing campaigns that are likely to have high engagement. For example, each persona may receive different offers, creative, discounts, etc. to reflect what they are mostly interested in.

SEGMENTATION

Traditionally, a marketing team will have access to many different sources of data. From advertising platforms to web analytics tools, a data warehouse, customer surveys, and beyond - you may be looking at a dozen data sources. You can then access each platform and view your customer base through different breakouts (ex: by age, gender, device, marketing channel).

It isn't difficult to see this data in isolation, but it can be challenging to see how different attributes correlate. Your data may show that males are more valuable than female customers. But is that really based on gender, or is there an inherent bias at play, resulting in your male population skewing older, or more affluent than your females? It can be difficult to determine the cause of the gender split because you can't look at multiple lenses at the same time. The more features you are pulling into the analysis of your segmentation strategies, the more combinations you have to look at, and the more challenging and time consuming that ad hoc analysis is.

LEVERAGING MACHINE LEARNING



Machine learning helps to combat the challenges and time commitment of manual mining and ad hoc analysis. Oftentimes, marketers receive canned personas and then go back into their data to analyze which are over-indexed. Or they receive a large set of personas and need to whittle it down to a manageable number, focusing only on the most significant personas.

Combing through hundreds or thousands of data combinations can be nearly impossible - but machine learning looks at clusters of similarities within minutes and highlights any significant pockets of correlation. You can now take all the customer data that you've collected and see which clusters exist within your customer base, and which have most value.



	Aspiring Urban Professionals	Suburban Empty Nesters	Affluent Working Moms
Demographics			
Age	26-35	46-65	36-45
Urbanicity	Metropolitan	Suburban	Cities
Gender	60% F / 40% M	65% F / 35% M	78% F / 22% M
HHI	$50k - $100k	$100k - $150k	$150k - $250k
Home Ownership	Renter	Owner	Owner
Value			
Lifetime Value	$125	$107	$131

Sample personas based on Decile's personas training model

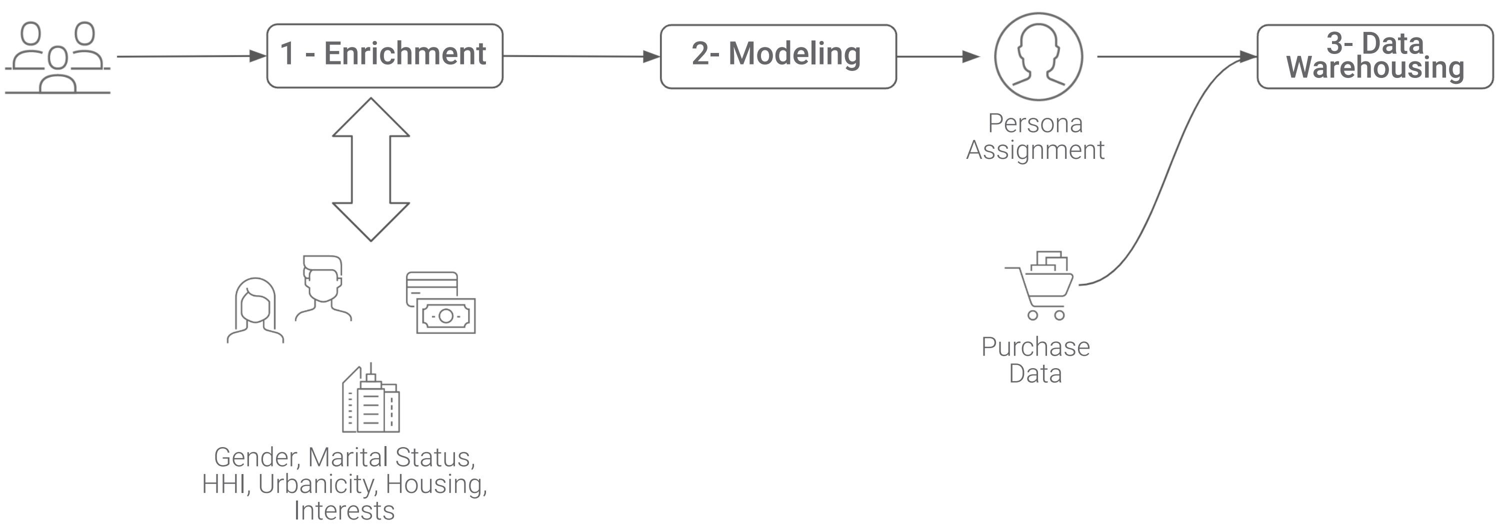
In the chart above, you can see that Aspiring Urban Professionals and Affluent Moms exhibit a lifetime value (LTV) 15-20% more than Suburban Empty Nesters. You may choose to create marketing campaigns that aim to acquire more of those high LTV individuals.

This is also a great time to review your marketing tactics to date and consider the reason why Suburban Empty Nesters have a lower LTV. Is it a persona which hasn't been actively cultivated, or is the lower LTV a reflection of your product resonating more with other personas?

DYNAMIC PERSONAS

In a highly competitive era, when new ecommerce brands are constantly launched, it's no longer sufficient to rely on traditional persona views (the kind that aren't built on machine learning). You need a more dynamic solution to perform analytics on your business in real time and incorporate your findings into your marketing strategy quickly and smoothly.

Three core capabilities are needed to leverage these dynamic personas.



1) **Ongoing enrichment** of customers with demographic/psychographic information. This should happen automatically and in real time as new customers are acquired.

2) **Machine learning capabilities** to assign newly acquired customers to personas. Allow AI to look at any new customers coming into your business and assign them to the appropriate persona based on core characteristics of each persona group.

3) **Data warehousing / CDP** to enable views joining 1P purchase data with persona data. Inspect your personas, overlay information like purchase behaviors, and understand who your best customers are so you can find more like them and cultivate them.

PERSONAS x PURCHASE BEHAVIORS

It's a good idea to understand purchase behaviors of each persona to provide personalized marketing outreach.

With persona and purchase behavior data tied together in your data warehouse, you can understand:

- **Which products are being purchased by each persona?** - Determine where product affinities lie. Understand whether all customers are purchasing generally the same things, or if different personas gravitate toward certain product categories.
- **Are some personas more likely to purchase with a discount?** - Some personas may need a nudge to purchase by using a discount offer, while others will purchase regardless of whether they receive a discount. Or perhaps it's only beneficial to offer a discount code to certain groups during periods like Black Friday/Cyber Monday.
- **What channel is each persona more likely to purchase from?**- Understand which channels customers are most likely to purchase from. This can inform where you're spending your marketing time and dollars.

PRODUCT AFFINITY

Product affinity by persona allows you to see which products or product categories a group prefers. This can be viewed from an absolute basis (ex: 50% of the Aspiring Urban Professionals persona are purchasing a hair care product), or we can look at it from an index basis (ex: see how each of these personas compare to the average customer).

REASONS TO ANALYZE FROM AN INDEX POINT OF VIEW:
When you're launching a new product, it will initially make up a very small percentage of your business. If you are a sufficiently sized business, you will be able to quickly see which personas are gravitating towards the new product, and use that information to make faster adjustments to your targeting.

This type of segmentation isn't limited to product affinity. You can also look at these views by channels, by discounts, etc. to form a more holistic view of each of these personas and how they're engaging with your brand.

Show More Settings

TABLE DIMENSION: Purchased Product Categories

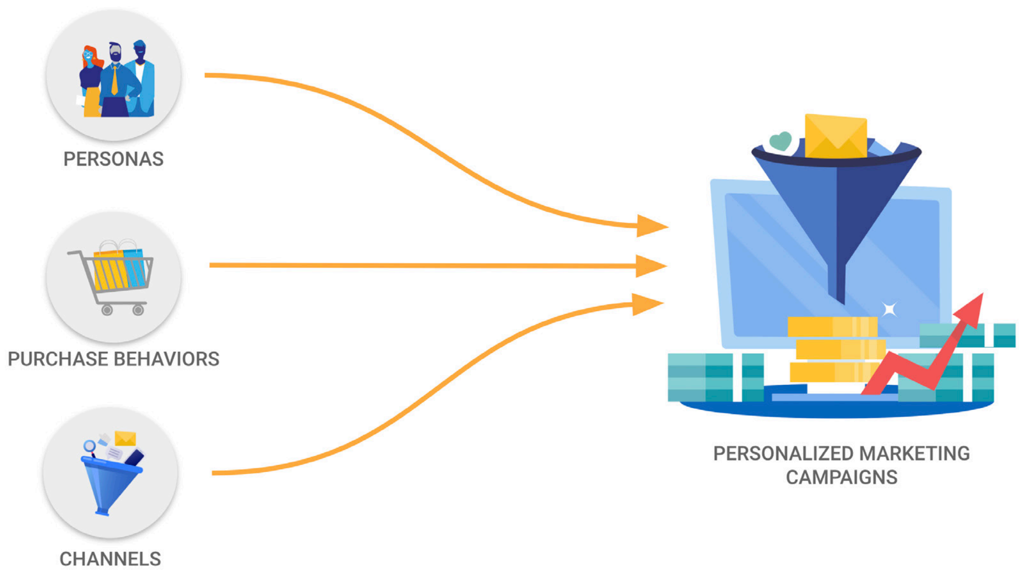
BENCHMARK AUDIENCE: Shopify Transactions Audience

Applied Filters (1)

	Young Professionals	Affluent Coastal Females	Urban Singles	College Educated Retirees	Highly Educated Mature Females	Working Moms
Purchased Product Categories	% more/less likely than benchmark	% more/less likely than benchmark	% more/less likely than benchmark	% more/less likely than benchmark	% more/less likely than benchmark	% more/less likely than benchmark
POPULATION VALUE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Kit	4.12%	(-11.06%)	(-8.30%)	11.52%	(-5.68%)	(-4.45%)
Merch	3.86%	(-0.17%)	(-6.13%)	(-11.98%)	(-8.75%)	16.55%
Hair	(-2.51%)	0.47%	2.61%	3.72%	(-2.81%)	0.47%
Face	(-2.84%)	3.74%	1.97%	0.90%	3.03%	(-0.24%)
Body	(-3.59%)	0.83%	0.56%	(-2.34%)	5.23%	7.81%
Skin	(-14.87%)	8.85%	(-3.19%)	16.01%	21.80%	3.96%

The example above has the benchmark set to "Shopify Customers". You can see which personas are over or under-indexed compared to the average customer population.

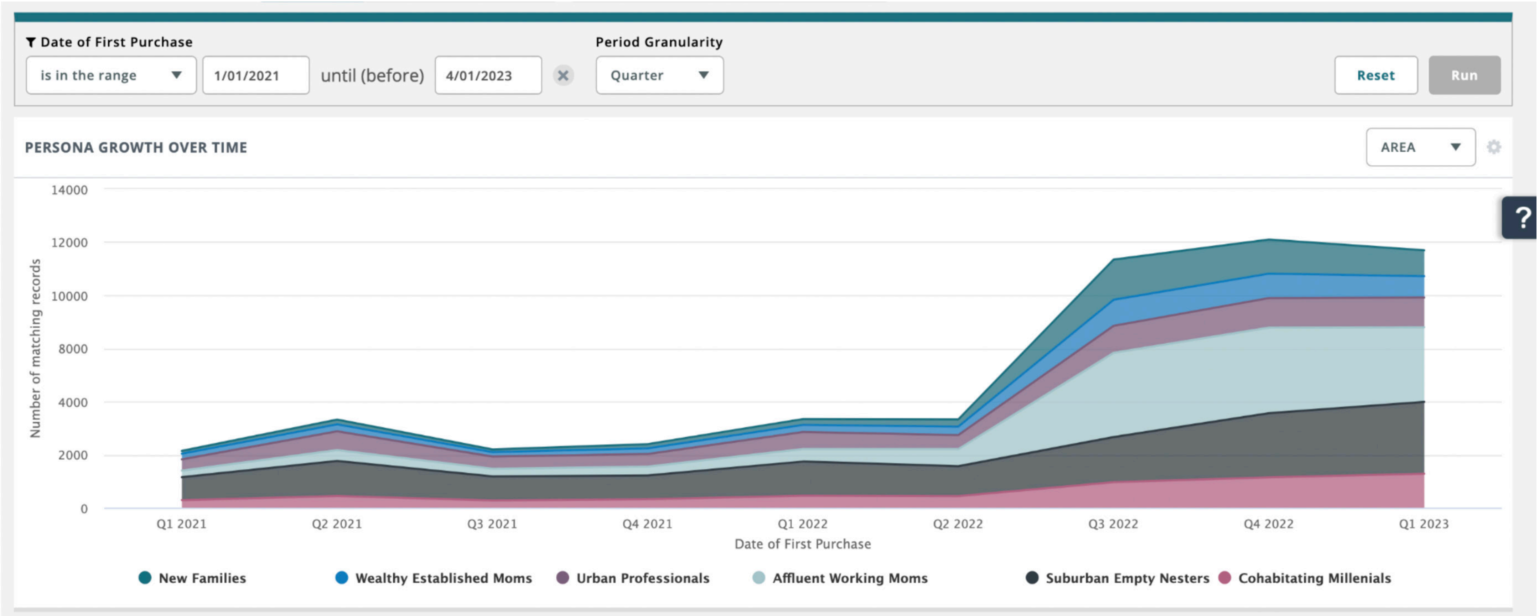
You'll notice that the Aspiring Urban Professionals persona is 15% less likely than the average customer to purchase skincare products, while Highly Educated Mature Females are 22% more likely to purchase skincare. You can use this insight to inform the creative used for marketing outreach for each persona, highlighting the products that are most likely to resonate with that group.



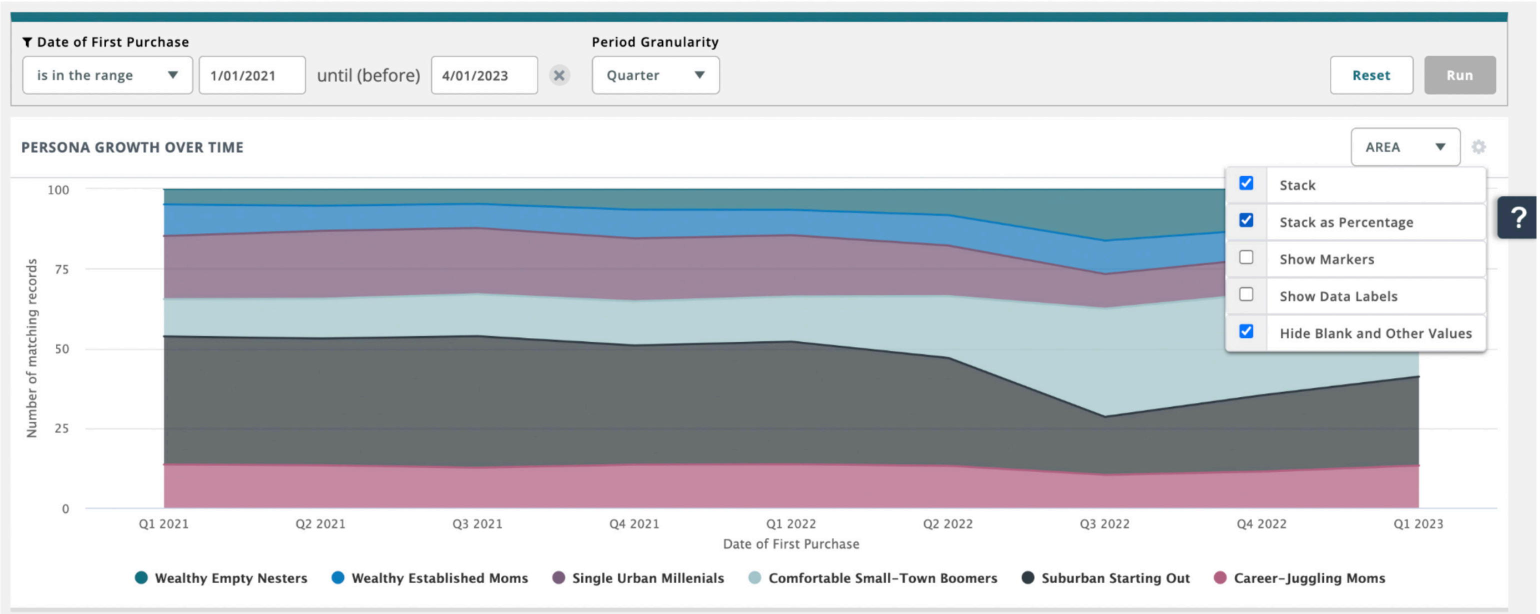
Take personas, purchase behaviors, and channels and use that to create personalized marketing campaigns to retain existing customers, or find new customers that look like your highest value personas. The goal is to find customers who are going to build a strong LTV:CAC ratio and bring in ongoing revenue.

TRACKING OVER TIME

With ongoing enrichment, machine learning capabilities, and a data warehousing tool set, we can answer the question: are newly acquired customers within the high value personas that I'm targeting?



In the view above, you will see customers who were acquired between early 2021 and Q1 of 2023. What immediately jumps out is that business growth started to accelerate in Q3 2022. This was the time when personas were built out and high-value customers were targeted. When you are in a high growth phase, it can be difficult to tell whether your overall business is growing and personas are growing with it, or if your target personas are growing at a larger rate than business growth.



To determine whether you are, in fact, growing your high-value personas, we can take a look at a stacked percentage view (above). You can see that Affluent Working Moms go from 10% of newly acquired customers in Q4 of 2021 to 30% in Q2 of 2022, after making tactical shifts to your marketing strategy. You can then determine that you're not just acquiring more customers overall, but the right types of customers who will drive LTV.

CUSTOMER SEGMENTS BY PERSONA

Now that we can easily generate personas, let's take a look at different customer segments through the persona lens.

1) **I have a complex business with several distinct customer groups. Should I be developing personas for each?**

No, leveraging a consistent set of personas across your business allows you to compare segments more effectively. There are exceptions. For example, if you have a retail and online presence, there may be a different value proposition for those two groups. In this case, the recommendation is to generate two sets of personas and look at the sides of the business independently. However, most brands have a single value proposition, so a consistent set of personas works best.

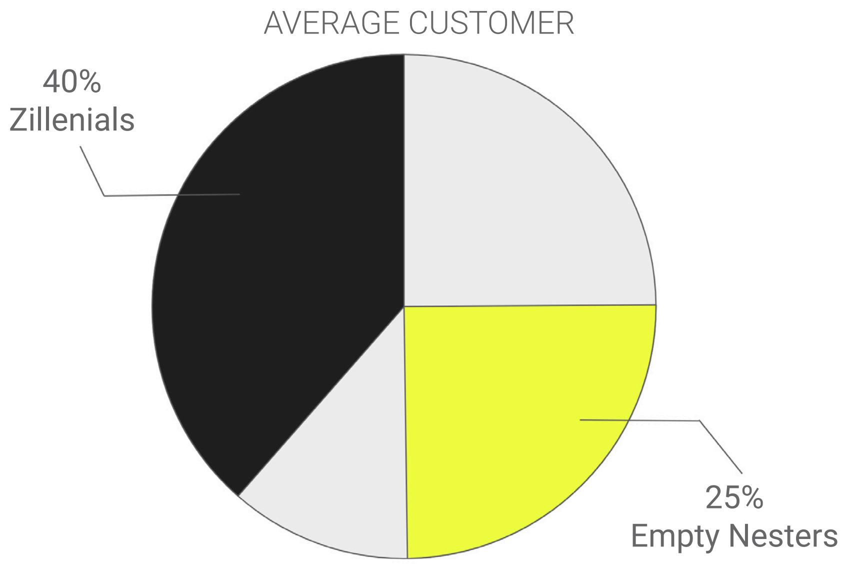
2) **Who is my average customer? How does that compare to my average high value customer?**

If you look at this based on Google Analytics, or from composite reporting, you would find that there are slight variations in demographic, but none of major significance.

Example:

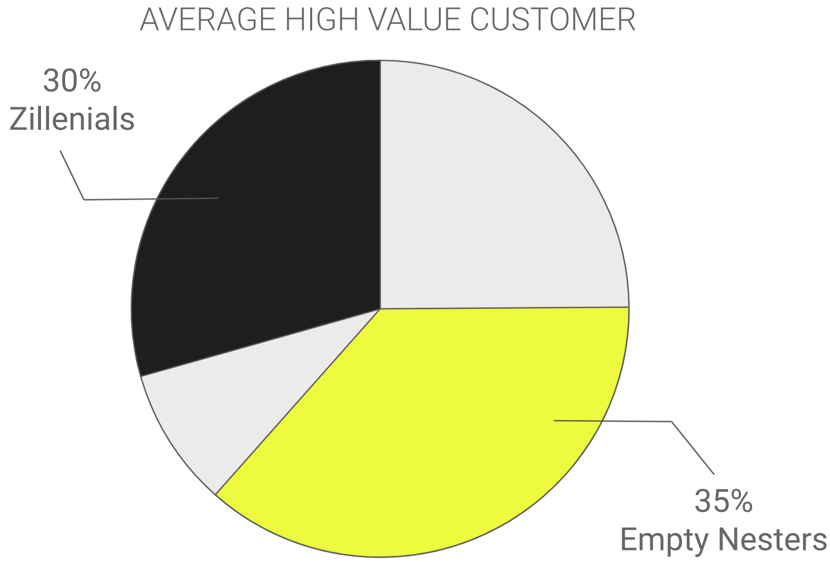
	Average Customer	Average High Value Customer
Age	36	38
Urbanicity	Urban	Slightly Less Urban
Gender	70% F / 30% M	65% F / 35% M
HHI	$65k	$70k
Home Ownership	60% Renter / 40% Owner	55% Renter / 45% Owner

Let's look at this from a persona lens:



In the illustration to the left, you see an average customer. 40% of customers - the bulk of your population - are Zillenials (at the cusp of turning 30). 25% are Empty Nesters. You see that neither one of those populations are 36-38 years old, as seen in the composite view.

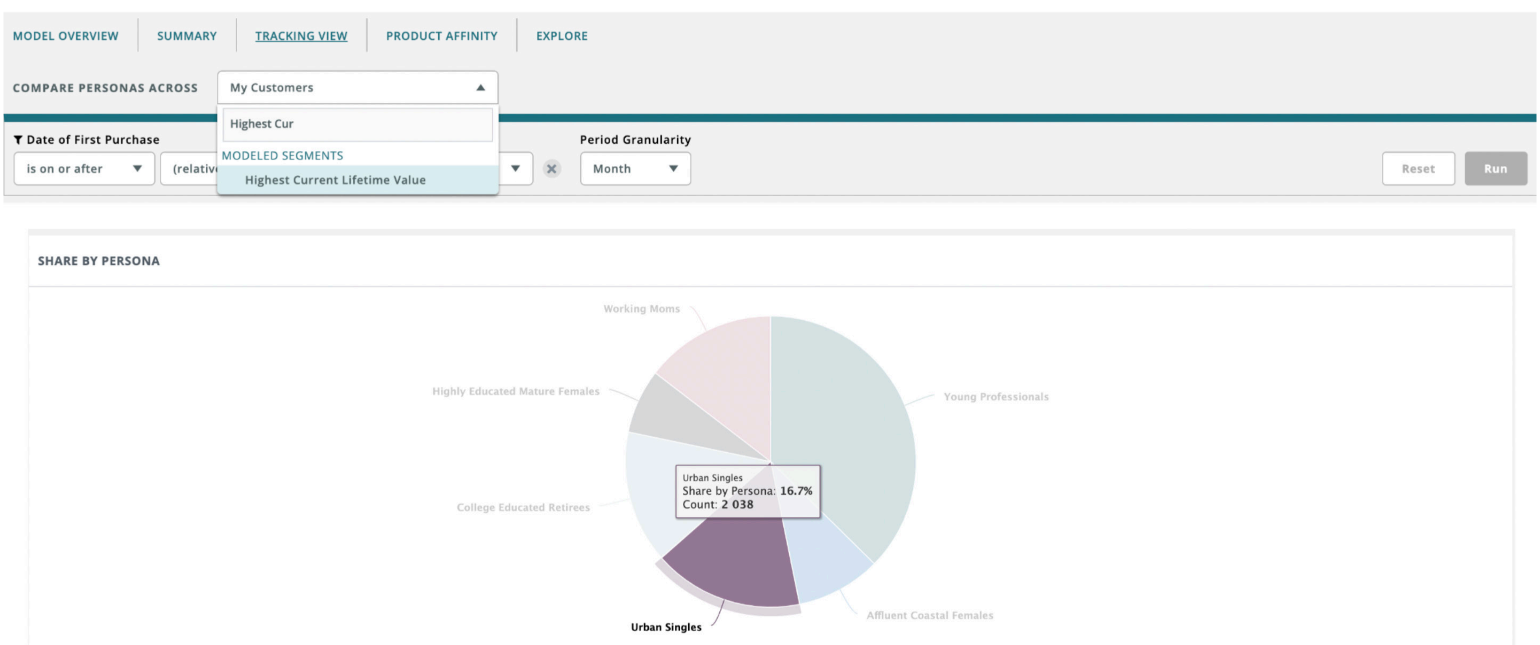
Next we'll look at what happens when you look at *high value customers* through the same lens.



You can see that the percentage of Zillennials dropped 10% and Empty Nesters increased 10%. Looking at this, you may determine that you want to be spending more time and attention on the Empty Nesters.

Looking at the makeup of your high value customers to see who is really engaging with your brand, you can determine where to focus your marketing efforts and spend. It's a great way to look at your customer base without a diluted aggregate view.

DECILE PERSONAS



Within Decile, you can explore customer segments through the tracking view in your personas dashboard. You can toggle to compare personas across segments or audiences.

In this example, we've filtered to view the highest current lifetime value segments to see what the share is by persona. You can use this to confirm things you already know about which personas are most valuable, or discover new insights to identify pockets of opportunity to grow customer lifetime value.

CONCLUSION

- The marketing world is **shifting towards machine learning**. Personalization using personas is a practical application of using AI for marketing. You'll have less manual hunting for data, which can take an impossibly long time to search for, calculate, and analyze. Machine-generated discovery helps you make critical marketing decisions quickly, which will have a measurable impact on the success of your business.
- Finding a solution that gives **real-time actionability** is key. We often hear that a client already has a data warehouse or visualization tools. They may even have access to third-party data. But that data is refreshed once a quarter - not in real time - which isn't sufficient to stay competitive. You need to instantly understand and enrich customers and immediately start the right conversation with them. The quicker you can develop personalized communication, the more powerful it will be.
- Leveraging **personas for both acquisition and remarketing** is important, and particularly powerful on the remarketing side. It allows you to continue the conversation in the most meaningful way once a customer has been acquired.
- **Democratizing access to business critical insights** helps your business teams work together more efficiently. Unify your siloed data streams to give everyone from the marketing team to e-commerce, data, finance, and beyond access to business critical insights.

decile

helping brands grow profitably

Decile is a customer data and analytics platform whose founding mission is to help brands grow profitably. Our belief is that a marketer's most valuable asset is their first-party data. But leveraging that data to drive meaningful and actionable insights is oftentimes difficult. Decile simplifies this process with business insights that help build loyal customers, optimize product strategy, and drive lifetime value for your brand.

Let us show you! Schedule a demo, or visit www.decile.com to learn more.

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